

MINUTES OF MANAGEMENT REVIEW SPECIAL MEETING OF KISSIMMEE UTILITY AUTHORITY, HELD WEDNESDAY, MARCH 20, 1991, AT 6:00 P.M., BOARD ROOM, ADMINISTRATION BUILDING, KISSIMMEE, FLORIDA

Present at the meeting were Chairman Hord, Secretary Bobroff, Assistant Secretary Lowenstein, Director Jones, Mayor Pollet, Attorney Brinson, General Manager Welsh, and Recording Secretary Rundio. Vice-Chairman Gant was absent.

**MEETING CALLED TO ORDER** at 6:20 P.M. by Chairman Hord.

**1. MANAGEMENT REVIEW**

Chairman Hord refreshed the members' memories stating that we are now doing this (review) on an annual basis from this mid-point of the fiscal year forward. Any additional compensation given to employees at the beginning of the fiscal year is automatic with the General Manager from this point on, which has not been the case in the past.

Director Bobroff said that in looking back at projects and activities, he felt that Mr. Welsh had good rapport with his staff, employs the right kind of people to head the various departments, and designates authority to them. He stated Mr. Welsh's operational knowledge satisfies our requirements.

Director Jones said he felt the General Manager is doing a great job.

Chairman Hord concurred, and stated with our organizational growth in revenue, customers and employees, this goes hand-in-hand. Our philosophy continues to be "run it lean and mean". He said the General Manager is continuing to expand his horizons, with a broader viewpoint. He stated occasionally the members request justification for certain large expenditures, with back-up information, and felt these numbers should be fully explained and suggested having answers more readily available during Board meetings in the future for responses.

Mayor Pollet, as representative of the City of Kissimmee, inquired into Mr. Welsh's last salary increase in October. It was a market level adjustment of 5.5%.

Chairman Hord stressed that the present and future compensation was probably greater than that of the City Manager, due to running an electric utility of this size. The General Manager's increase would be effective each April. The meeting under discussion is for a merit review and compensation increase effective April 1st, whereas the October market level increase is for all target level employees. Merit employees receive their increase on their anniversary date associated with the 5.5% (plus or minus).

Mr. Welsh graphically explained the merit system of KUA which stemmed from a plan developed prior to October 1, 1985. He highlighted the three categories of lower one-third, mid one-third, and top one-third percentages which coincide with ratings of unacceptable, need improvement, fully acceptable, excellent, and outstanding. He said there are three ways to receive a raise: 1) through a market level increase, 2) based on a salary survey, and 3) a need for a minor adjustment. Discussion followed on why Mr. Welsh should not be handled as other merit employees. Mr. Welsh said his case has always been handled differently.

Director Lowenstein said the staff overall has improved tremendously in value and quality in that more direct answers are received.

At this point the General Manager was asked to excuse himself from the meeting so the Board might go into discussion.

Chairman Hord asked the Board's pleasure, stating that we have figures and that at least three things the members judge by are revenue, customers and employees, which are all greater this year than last.

It was established that the request was for 5%. Director Jones stated that the October market level adjustment in October is determined by the Board. Director Lowenstein said that if the General Manager did not receive the merit increase in October, he saw no problem with it.

**Moved by Director Lowenstein that the Board go with the 5%. There was no second.**

Director Jones said the October increase is not automatic. He felt that though the General Manager does a good job, as reiterated at the last meeting, we are in a recession where everyone is affected by the bad economy. He said he disagrees with some of the monthly expenditures and that, as a Board, we should look at these expenditures more closely. He said we must also look at the salaries and expenses and control them. In October we must face a suggested 5.6% market level adjustment and that he found it difficult to come to grips with. He stressed that giving a large raise is simply bad "PR". Giving him a 5% now and 5.6% in October, gives him a 10.6% at year-end, increasing his salary from \$79,000 to almost \$88,000. He stated that though the General Manager does a great job, we give him the same raises and have yet to say "no" to a raise, to his recollection. He felt we must be more realistic and take a look at hard dollars, which makes a considerable difference in his salary but staff's salary as well. He said he certainly would vote against a 5.6% market level adjustment in October unless the economy comes around and we're prosperous again in our territory and business.

Chairman Hord said that though the recession affects some businesses, it is not fair that employees of other businesses be penalized for that.

Director Jones continued that this has a ripple effect all the way down, with a few exceptions of recession-proof businesses.

Mayor Pollet said the fallacy in this business is that the people paying the tab are the ones in recession. The people we're setting the rates for are the ones we're affecting.

Director Jones expressed extreme concern over an expenditure item in December, \$6,500 for gift certificates to employees. Meanwhile, many ratepayers are unemployed and can't pay their bills or put food on the table, while we're giving out gift certificates to employees.

Director Bobroff said the 5.6% is not set by KUA. Chairman Hord said that its a recommendation by staff based on statistics. Director Bobroff said, basically its the same figure that the Federal Reserve comes out with, a national figure. Director Jones agreed. Director Bobroff said we can say no, to which Director Jones responded, "but we don't". Director Bobroff said he agreed with the Mayor, with the exception of one thing, that this Board has no intention of increasing its rates. It hasn't been done in over five years now, which is a longer period than the City Commission ever did without a rate change.

Mayor Pollet pointed out that if the General Manager receives a 5% right now and with the 5.5% increase in October, that 5% increase right now will be the equivalent of 5.3% increase because your increase is increased as well. Whatever increase is set for October, e.g., 5.6%, it will be the equivalent of a 6% increase. He suggested it would be better to review him once a year.

Director Bobroff asked if we want it to be part of his salary or a bonus. If its a part of his salary, it stays there and is compounded as indicated, but if its a bonus, its a one-time deal.

Director Jones said a performance bonus does not become a part of your base pay. Here it is a part of the base pay.

Chairman Hord said that we, as the Board, have the right to set the period or methods of how or when we review and compensate. He felt somewhat anti-automatic compensation at the first of the year because the Department Directors are not enjoying these benefits. They are reviewed annually, period, typical of anyone in a high-salary situation.

Chairman Hord asked if the General Manager was being reviewed as an annual review, not getting an increase in October, about what percent compensation would they suggest over the previous year. Director Lowenstein said he would go 5% without hesitation.

Discussion arose whether to use 5% bonus or a dollar figure.

**Director Bobroff moved to give a one-time performance bonus to the General Manager of 5% of his present salary. Seconded by Director Lowenstein.**

Brief discussion followed to using \$4,000 instead of the 5% bonus.

**Director Lowenstein moved to amend Director Bobroff's motion to plus or minus \$4,000. The motion died for lack of a second.**

Chairman Hord proposed, for someone to make a motion, that we give a performance bonus as of April 1 to the General Manager of \$4,000. It does not change his base salary. Further, to better be able to analyze his annual compensation, he would recommend that we review him once a year and that he not be a part of the October 1 change in market level adjustment. Director Jones indicated that this has already been approved that he become a part of that. Chairman Hord asked Attorney Brinson if we can change that. Attorney Brinson said that we can, that it was approved in the budget, and being a Special Meeting, we have a right to change our minds.

Following further discussion, Chairman Hord suggested treating this as two separate items. Attorney Brinson said we are changing some former action.

Director Jones said he would like to see a performance bonus be given that would not be part of his base salary, leaving the General Manager where he's at in an automatic market level adjustment, requiring his being reviewed once a year at this time.

Chairman Hord expressed concern that we are treating the General Manager different from the Managers under him if we want him to review them on an annual basis. Director Bobroff saw no problem there. Chairman Hord said a motion is required to his suggestion to revise the previous action.

Director Bobroff's pending motion was restated.

**Motion by Director Bobroff to give the General Manager a performance bonus as of April 1 at 5% of his present annual salary (\$79,652, which includes the 5.5% increase he was given as of October 1, 1990). Seconded by Director Lowenstein.**

Director Jones asked if this was strictly a performance bonus and not to become a part of his base pay. The answer was to the affirmative.

**Motion carried 4 - 0  
Director Gant absent**

Chairman Hord asked, do we want to consider changing the October 1 increase?

Director Jones responded, no. Here we are treating him differently, but also we should be treating him as other employees and entitled to the same.

Mayor Pollet felt the General Manager should be evaluated once a year. Discussion followed. He stressed the Board's responsibility is to evaluate him, and when the budget is approved we are automatically increasing his (salary) whether or not he deserves it.

In response to Chairman Hord's inquiry, Attorney Brinson said that the Chairman can make a motion by (temporarily) stepping down, and since Vice-Chairman Gant was absent, it fell to Secretary Bobroff to be Acting Chairman.

**Moved by Director Hord to place on the Agenda that the Board consider changing the conditions that presently exist where the General Manager is part of the employees that automatically receive a market level increase on October 1, 1991. Seconded by Director Lowenstein.**

Director Jones said we should keep in mind that we control the market level adjustment percentage. Director Bobroff said we can accept it or reject.

**Motion carried 3 - 1  
Director Jones opposed  
Director Gant absent**

**Director Hord moved to revise previous actions whereby the General Manager was automatically a part of the market level increase, if there was one given, at the start of each fiscal year (October 1); further, that he be reviewed on his employment anniversary date in December of each calendar year, to become effective in December, 1991; and that he only be reviewed and compensated one time during his anniversary year. Seconded by Director Lowenstein.**

Director Jones said that what we're doing is two things: eliminating his mid-year review and eliminating him from the market level adjustment and reviewing him once a year.

Attorney Brinson said that whatever we do will affect from December 6th (1990) to December 5th of the following year (1991), we might do it (review him) on December 15th, for instance. Mayor Pollet said all we're doing is changing his review time to November and the increase to take effect in December rather than October. Formerly, Director Jones said, we eliminated one (March) review even though he did get the automatic increase.

Mayor Pollet asked Attorney Brinson, whether the motion just made would not preclude the Board having another review (performance only) during the year. Attorney Brinson said this motion would not affect that.

**Motion carried 3 - 1  
Director Jones opposed  
Director Gant absent**

Director Hord resumed his seat as Chairman.

The General Manager was recalled to the meeting.

Chairman Hord stated to the General Manager that we have taken two actions during your absence:

- 1) That as of April 1, you will receive a performance bonus of 5% of your present salary, and you, base salary will remain as it is right now; and
- 2) As of now, you will be reviewed for any additional compensation on your anniversary employment date, effective in December, 1991, and you will not be a part of the October 1 general employee market level adjustment.

Mr. Welsh thanked the Board members for their time and consideration.

2. **ADJOURNMENT**: Meeting adjourned at 7:30 p.m.

ATTEST:

  
ASST. SECRETARY

  
VICE CHAIRMAN